

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 577**

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**Introduced by Assembly Member Miller**

February 16, 2011

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*An act to add Sections 18153 and 24996 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 577, as amended, Miller. Personal income tax: ~~investments in California-based companies~~; corporation taxes: capital gains: exclusion.

*The Personal Income Tax Law and the Corporation Tax Law provide that gain or loss upon the disposition of a capital asset is determined by reference to the adjusted basis of that asset.*

*This bill would, for taxable years beginning on or after January 1, 2011, provide that gross income does not include any gain from the sale or exchange of a capital asset, as defined, that is purchased during the 2011 or 2012 calendar year, and is held for more than one year.*

*This bill would take effect immediately as a tax levy.*

~~The Personal Income Tax Law allows various credits and deductions against the taxes imposed by that law.~~

~~This bill would declare that it is the intent of the Legislature to enact tax legislation to encourage investment in California-based companies, as provided.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 18153 is added to the Revenue and*  
2     *Taxation Code, to read:*

3     18153. *For each taxable year beginning on or after January*  
4     1, 2011, gross income shall not include any gain from the sale or  
5     exchange of a capital asset, as defined by Section 1221 of the  
6     Internal Revenue Code, that is purchased during the 2011 or 2012  
7     calendar year, and is held for more than one year.

8     SEC. 2. *Section 24996 is added to the Revenue and Taxation*  
9     *Code, to read:*

10    24996. *For each taxable year beginning on or after January*  
11    1, 2011, gross income shall not include any gain from the sale or  
12    exchange of a capital asset, as defined by Section 1221 of the  
13    Internal Revenue Code, that is purchased during the 2011 or 2012  
14    calendar year, and is held for more than one year.

15    SEC. 3. *This act provides for a tax levy within the meaning of*  
16    *Article IV of the Constitution and shall go into immediate effect.*

17    ~~SECTION 1. The Legislature finds and declares that private~~  
18    ~~investment in publically traded California-based companies is~~  
19    ~~beneficial to the state and its citizens for several reasons, including~~  
20    ~~the fact that private investments in publically traded corporations~~  
21    ~~helps them expand, hire, and produce the quality products that~~  
22    ~~California is known for around the world.~~

23    ~~SEC. 2. It is the intent of the Legislature to enact tax legislation~~  
24    ~~to do the following:~~

25    ~~(a) Encourage investment in California-based companies that~~  
26    ~~are publicly owned and listed on the New York Stock Exchange~~  
27    ~~(NYSE) or the National Association of Securities Dealers~~  
28    ~~Automated Quotations System (NASDAQ).~~

29    ~~(b) Provide special incentives and lower tax rates for California~~  
30    ~~citizens to utilize on investment profits from the sale of NYSE or~~  
31    ~~NASDAQ listed businesses that are headquartered in California.~~

32    ~~(c) Allow taxpayers to recapture their loss of investment capital~~  
33    ~~faster by encouraging investment in a publically traded~~  
34    ~~California-based company~~

35    ~~(d) Support the creation of private and public sector policies~~  
36    ~~that encourage investment in publically traded California-based~~  
37    ~~businesses by the state's citizens.~~

- 1     ~~(e) Encourage the creation of special public and private~~
- 2     ~~educational programs designed to promote California and the~~
- 3     ~~importance of investing in California-based companies because~~
- 4     ~~those investments are good for California and its citizens.~~

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